During the 1997 strike, millions of loyal UPS customers had their shipments suddenly and unexpectedly stuck in our system.

The vast majority of those shipments sat idle because, at the time, competitors like FedEx were unable to handle the additional volume.

By the time the strike ended, FedEx officials had seen an opportunity and were acting to take full advantage of it. Almost immediately, FedEx spent $2.25 billion to purchase RPS. Since then, FedEx has spent billions of dollars on buildings, vehicles and equipment to expand their ground network. Their capacity (the number of packages that their system can process) has increased 78 percent since 1997. FedEx Ground volume has increased 34 percent to more than 1.8 million packages a day. FedEx has also expanded their ground service area to the point where FedEx Ground now serves 90 percent of the contiguous United States.

. And their strategy is working. Their expansion, and aggressive sales campaign, has resulted in 34 percent growth in FedEx Ground volume since 1997. Today, they handle about 700,000 additional packages each day. That's about 10,000 non-union FedEx jobs that could have been Teamsters-represented UPS jobs.

100 EMPTY PACKAGE CARS IN METRO CHICAGO

LAST MAY, OUR DISTRICT PROCESSED AN AVERAGE OF 251,002 PACKAGES PER DAY.

IN MAY OF THIS YEAR, WE HANDLED **APPROXIMATELY 30,000 FEWER PIECES PER DAY.**

AT AN AVERAGE OF 300 PACKAGES PER PACKAGE CAR, THE **30,000 PIECES PER DAY** IS THE EQUIVALENT OF **100 PACKAGE CARS.**

100

Prework Communications Meeting (PCM)

SUBJECT: UPS/Teamsters Negotiations

FOR: All U.S. Employees

DATE OF USE: March 25, 2002

[For managers or supervisors of workgroup(s) that fall outside of the UPS/Teamsters National Master Agreement (Local 705, 710, etc.), please be sure to read the following statement prior to communicating this and any other messages that apply to negotiations involving the National Master Agreement. Please fill-in the blanks as appropriate]

The PCM I am about to share with you concerns the status of the negotiations of the National Master Agreement between UPS and the Teamsters. I am providing you with these details for your information only. Employees in our center/hub are represented by Teamsters Local_____, which negotiates a separate contract with UPS. UPS and Local _____ are currently in negotiations. I will keep you updated about these negotiations, as information becomes available.

Introduction

Representatives of UPS and the International Brotherhood of Teamsters met last week in Chicago to negotiate changes to the UPS National Master Agreement. The terms of the current agreement run through July 31, 2002.

While the UPS and Teamsters negotiating teams were in Chicago, FedEx released quarterly earnings information that reported a 21 percent increase in ground volume. UPS believes that the unprecedented threat from non-union competitors like FedEx requires an early settlement to these negotiations.

Key Points

- Recent talks included proposals and counter proposals on a number of issues, including driver's paid day.
- UPS and the Teamsters reached tentative agreement on several articles.
- Subcommittees began meeting to discuss Health & Safety; Article 40, Air Operation; and Article 43, Premium Services.

- UPS negotiating goals are simple and clear: To reach an early agreement that allows the company to reward UPS people and to compete in an increasingly non-union environment.

- In their most recent quarter, FedEx ground volume grew 21 percent. As negotiations progress, our job is to protect our business by reporting any volume loss and by providing the service quality and reliability that is our trademark.

- We will keep you informed as talks progress.

Conclusion

We have every reason to believe that a fair agreement can be negotiated in a timely fashion.

For Teamster-represented employees:
If you wish to contact your union representative to voice your concern about volume loss or to support reaching an early agreement, see me for contact information.

Prework Communications Meeting (PCM)

SUBJECT: UPS/Teamsters Negotiations
FOR: All U.S. Employees
DATE OF USE: May 20, 2002

[For managers or supervisors of workgroup(s) that fall outside of the UPS/Teamsters National Master Agreement (Local 705, 710, etc.), please be sure to read the following statement prior to communicating this and any other messages that apply to negotiations involving the National Master Agreement. Please fill-in the blanks as appropriate]

The PCM I am about to share with you concerns the status of the negotiations of the National Master Agreement between UPS and the Teamsters. I am providing you with these details for your information only. Employees in our center/hub are represented by Teamsters Local_____, which negotiates a separate contract with UPS. UPS and Local_____ are currently in negotiations. I will keep you updated about these negotiations, as information becomes available.

Introduction

Representatives of UPS and the International Brotherhood of Teamsters met this week in Chicago to negotiate unresolved issues from supplemental negotiations from around the country. The union has indicated that it wishes to complete the supplemental negotiations prior to completing negotiations for changes to the UPS National Master Agreement. Meanwhile, our nonunion competitors continue to tell our customers they need to divert additional volume to protect their businesses and ensure uninterrupted service. The terms of the current National Master Agreement run through July 31, 2002.

Key Points

- Representatives of UPS and the Teamsters met in Chicago to focus on resolving remaining supplemental issues
- During the week, much progress was made and handshake agreements were reached in a number of supplements
- Currently have handshake agreements on more than a dozen supplements
- UPS negotiating goals are simple and clear: To reach an early agreement that allows the company to reward UPS people and to compete in an increasingly nonunion environment
- We will keep you informed as talks progress

Conclusion

UPS/Teamsters National Master Negotiations are scheduled to resume next week in Chicago. At this point, the UPS negotiating team is looking forward to productive discussion of the issues and remains hopeful that a fair, reasonable and timely agreement can be reached. In the meantime, we must all do whatever we can to keep customers calm and minimize volume loss during this difficult time. For additional information regarding negotiations visit UPSers.com or call the Negotiations Update Hotline at (866) 785-4UPS.

Prework Communications Meeting (PCM) outline

SUBJECT: The FedEx Sales Strategy

FOR: All Employees

DATE OF USE: Friday, April 5, 2002

Introduction

Since the 1997 strike, FedEx has spent billions of dollars building and expanding their ground network. As they built their network, they worked hard to attract volume to fill it. Their strategy was simple: present themselves as the union-free, strike-proof alternative to UPS.

They use sales presentations that highlight the fact that FedEx is non-union and free from the threat of a strike. Their slides contain bullet-points referring to UPS as "unionized, inflexible, and threat of a strike." And they capture quotes and graphics from third-party Internet sites that quote local union officials and individual UPSers as saying or implying that a strike is unavoidable.

Key Points

- FedEx is using UPS/Teamsters negotiations to scare customers away from UPS
- FedEx sales presentations highlight their union-free, strike-proof status
- UPS is portrayed as unionized, inflexible and unreliable because of strikes
- Best way to protect UPS jobs is to reach fair and balanced agreement as quickly as possible
- When you see volume diversion, please notify me as soon as possible

Conclusion

FedEx and other competitors are using this year's negotiations to scare packages and jobs away from UPS. The best way to counter these scare tactics is to quickly reach a fair and balanced agreement that rewards UPS people and gives the company the flexibility to compete in an increasingly non-union environment.

United Parcel Service One UPS Way, Hodgkins, IL 60525

May 20, 2002

Dear UPSer,

Throughout my career with UPS, I've never failed to be impressed by the ability of UPS people to work together to meet a challenge. Since coming to CACH, I've seen all of us work together to improve the safety of our workplace, our working relationships with each other, and the level of service we provide to our customers. I thank each of you for your efforts to improve CACH and make UPS a great place to be.

This year, one of our most important challenges has been maintaining the confidence of our customers while our competitors continue to use the threat of a work stoppage to scare them into diverting their business. Many of you have seen first hand the very aggressive sales campaigns of our competitors that are designed to take advantage of our negotiations with the Teamsters. In response, you and your coworkers have calmed customers, identified potential lost volume and worked to keep it in the UPS system and maintained service levels that UPS customers expect from UPS and UPS people. Again, thank you for your efforts.

But we can't stop now. Many customers still remember the strike in 1997. They aren't going to risk their businesses by waiting until July to see what happens between UPS and the Teamsters. The simple fact is that UPS customers now have options that weren't available in 1997. FedEx has spent billions increasing capacity and service areas and they're attracting business from UPS customers who need to ensure uninterrupted service. Despite all our efforts, customer research tells us that this volume diversion will only increase as we near the expiration of the current National Master Agreement on July 31, 2002

CACH volume is already down approximately 52,000 packages per day compared to last year. We're putting fewer feeder drivers on the road because we've been forced to eliminate or combine feeder runs to adjust for the lost volume. We currently have 47 full-time employees reassigned because of reduced volume.

We've all worked hard to establish customer confidence in UPS and UPS people. As we approach the 95th anniversary of the founding of our company, I look forward to working together to build a bright future for us all.

Sincerely,

Tony Poselenzny
District Manager

United Parcel Service 1400 South Jefferson St., Chicago, IL 60607
(800) 742-5877

June 2002

Dear UPSer,

Throughout my career with UPS, I've never failed to be impressed by the ability of UPS people to work together to meet a challenge. Since coming to this district, I've seen all of us work together to improve the safety of our workplace, our working relationships with each other, and the level of service we provide to our customers. I thank each of you for your efforts to improve our district and make UPS a great place to be.

This year, one of our most important challenges has been maintaining the confidence of our customers while our competitors continue to use the threat of a work stoppage to scare them into diverting their business. Many of you have seen first hand the very aggressive sales campaigns of our competitors that are designed to take advantage of our negotiations with the Teamsters. In response, you and your coworkers have calmed customers, identified potential lost volume and worked to keep it in the UPS system, turned in Sales Leads for new business, and maintained service levels that UPS customers expect from UPS and UPS people. Again, thank you for your efforts.

But we can't stop now. Many customers still remember the strike in 1997. They aren't going to risk their businesses by waiting until July to see what happens between UPS and the Teamsters. The simple fact is that UPS customers now have options that weren't available in 1997. FedEx has spent billions increasing capacity and service areas and they're attracting business from UPS customers who need to ensure uninterrupted service. Despite all our efforts, customer research tells us that this volume diversion will only increase as we near the expiration of the current National Master Agreement on July 31, 2002

Our volume is already down approximately 30,000 packages per day compared to last year. We're putting fewer drivers on the road because we've been forced to eliminate or combine delivery and pickup routes to adjust for the lost volume.

We've all worked hard to establish customer confidence in UPS and UPS people. As we approach the 95th anniversary of the founding of our company, I look forward to working together to build a bright future for us all.

Sincerely,

Noel Massie
District Manager

Prework Communications Meeting (PCM) outline

Subject: FedEx Ground Growth

For: All Employees

Date of use: Week-ending March 9

Visual: FedEx Press Release

Introduction

During the 1997 strike, millions of packages sat idle because, at the time, competitors like FedEx were unable to handle the additional volume.

By the time the strike ended, FedEx officials had seen an opportunity and were acting to take full advantage of it. Almost immediately, FedEx spent $2.25 billion to purchase RPS. Since then, FedEx has spent billions of dollars on buildings, vehicles and equipment to expand their ground network.

Key Points

- FedEx is using UPS/Teamsters negotiations to take customers away from UPS.
- FedEx Ground volume has increased 34 percent to more than 1.8 million packages a day.
- That volume equates to about 10,000 FedEx jobs that could have been Teamsters-represented UPS jobs.
- Our job is to protect our volume by maintaining our reputation for reliability and service excellence, but the best way to protect UPS volume and jobs is to reach a fair and balanced agreement as quickly as possible.
- When you see volume diversion, please notify an account executive or me as soon as possible.

Conclusion

FedEx and other competitors are using this year's negotiations to attempt to take packages and jobs away from UPS. The best way to counter that threat is to quickly reach a fair and balanced agreement that rewards UPS people and gives the company the flexibility to compete in an increasingly non-union environment.

[redacted]

Date: Thursday, May 30, 2002

To: All CACH Hourly and Management

Subject: Hourly Timecard Procedures

Introduction:

The following key points must be followed to ensure that all hourly timecard procedures are followed.

Key Points:

- Employees must submit a complete and accurate timecard.
- Employees must receive a timecard from their supervisor.
- Employees must swipe in using one smooth motion through the Burr Brown Card Reader in the presence of their supervisor.
- Timecard must be handed to their supervisor immediately after punching in.
- Employees that are transferred to another work area for the day must obtain their timecard from their supervisor.
- When employees return to their regular work area, they must obtain their timecard from their supervisor and swipe in their regular work area in the presence of the supervisor.
- Employees should obtain their timecard from their supervisor when punching out for the day.
- Employees should swipe out for the day in the presence of their supervisor and immediately hand the card to their supervisor.

Conclusion:

If all hourly employees and their supervisors abide by these guidelines, we can ensure that all timecards are processed correctly, and in a timely manner.

Prework Communications Meeting (PCM) outline

SUBJECT: UPS/Teamsters Negotiations

FOR: All U.S. Employees

DATE OF USE: April 22, 2002

Introduction

The PCM I am about to share with you concerns the status of the negotiations of the National Master Agreement between UPS and the Teamsters. I am providing you with these details for your information only. Employees in our center/hub are represented by Teamsters Local _____, which negotiates a separate contract with UPS.

Representatives of UPS and the International Brotherhood of Teamsters met last week in Dallas to negotiate changes to the UPS National Master Agreement. The terms of the current agreement run through July 31, 2002.

While the UPS and Teamsters negotiating teams were in Dallas, UPS released first quarter results. Volume across all U.S.-domestic products showed declines. UPS believes that the unprecedented threat from non-union competitors like FedEx requires an early settlement to these negotiations.

Key Points

- Both committees modified or withdrew a number of proposals during last week's talks.
- UPS and the Teamsters continued to reach tentative agreements on changes to the UPS National Master Agreement.
- Supplemental negotiations continue around the country.
- UPS negotiating goals are simple and clear: To reach an early agreement that allows the company to reward UPS people and to compete in an increasingly non-union environment.
- We will keep you informed as talks progress.
- This information is also available on the Internet at UPSers.com.

Conclusion

We have every reason to believe that a fair agreement can be negotiated in a timely fashion. During negotiations, we should all be alert for volume diversion. Any volume diversion should be reported to your manager or a Business Development Account Executive.

For Teamster-represented employees:
If you wish to contact your union representative to voice your concern about volume loss or to support reaching an early agreement, see me for contact information.